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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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REGULATORY COMMISSION

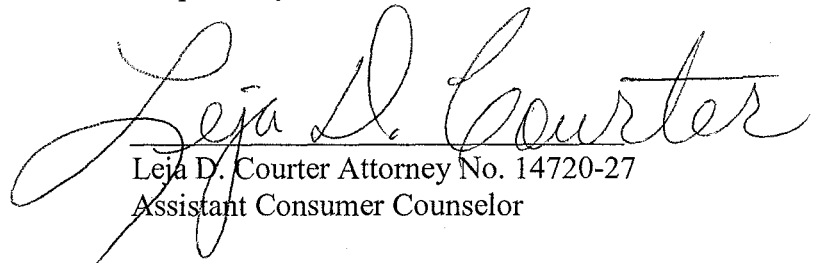
IN THE MATTER OF THE PETITION OF THE CITY )  
OF AURORA FOR THE APPROVAL OF NEW )  
SCHEDULE OF GAS RATES AND CHARGES )

CAUSE NO. 43527

SUBMISSION OF SETTLEMENT AGREEMENT

The Indiana Office of Utility Consumer Counselor, by counsel, submits on behalf of itself and Petitioner, City of Aurora, Indiana d/b/a Aurora Municipal Gas Utility, an executed version of the Stipulation and Settlement Agreement in this Cause. Counsel would note that other than the signatures of the parties, this is the same Settlement Agreement that was attached to the Testimony of Mark H. Grosskopf, which was filed with the Commission on December 1, 2008.

Respectfully submitted,

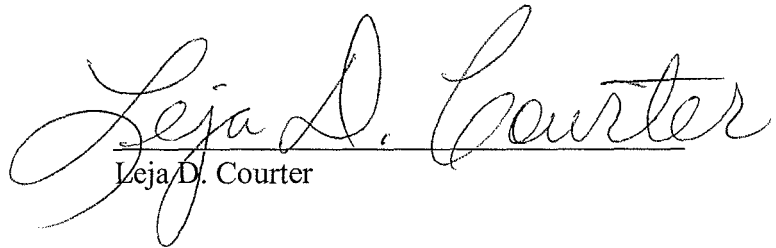


Leja D. Courter Attorney No. 14720-27  
Assistant Consumer Counselor

## **CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing **SUBMISSION OF SETTLEMENT AGREEMENT** has been served upon the following counsel of record in the captioned proceeding by electronic service and/or by depositing a copy of same in the United States mail, first class postage prepaid, on December 4, 2008.

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**BEFORE THE**  
**INDIANA UTILITY REGULATORY COMMISSION**

**IN THE MATTER OF THE PETITION OF THE CITY )**  
**OF AURORA FOR THE APPROVAL OF NEW ) CAUSE NO. 43527**  
**SCHEDULE OF GAS RATES AND CHARGES )**

**STIPULATION AND SETTLEMENT AGREEMENT**

Petitioner, City of Aurora, Indiana d/b/a Aurora Municipal Gas Utility (hereinafter "Petitioner" or "Aurora Gas") and the Indiana Office of Utility Consumer Counselor (hereinafter "OUCC") have met through their respective representatives for purposes of discussing the evidence of record and the information gained through the discovery process. The result of such discussions between the Petitioner and the OUCC (hereinafter collectively "the Parties") is a settlement of all issues in this Cause, as described by this Stipulation and Settlement Agreement (hereinafter the "Settlement").

The Parties believe that the evidence of record supports the terms of this Settlement. The Parties acknowledge that the terms and conditions of this Settlement are a result of negotiations between the Parties relative to the position each has taken or would take in further proceedings in this Cause. In the interest of efficiency, saving the limited resources of the regulatory bodies involved, and recognizing the reasonableness of the results produced by this Settlement, the Parties herein stipulate and agree as follows:

**I. Operating Revenue and Revenue Requirements**

The Parties' agreement with respect to Aurora Gas' pro forma operating revenue and its revenue requirements under Ind. Code § 8-1.5-3-8 are reflected by line item in Joint Settlement Exhibit 2, which is attached hereto, and is summarized below:

1. ***Petitioner's Operating Revenue.*** The Parties agree that Aurora Gas' total pro forma operating revenues at present rates are \$3,662,277. Upon the Commission's adoption of a Final Order approving the terms and conditions of this Settlement Agreement, the Parties agree that Aurora Gas' pro forma operating revenues should be increased by \$167,875 in arriving at the pro forma total operating revenues at proposed rates, including cost of commodity, of \$3,830,152, representing a 4.58% increase in pro forma operating revenues.

2. ***Aurora Gas' Annual Cash Revenue Requirements.*** The Parties agree Aurora Gas' annual cash revenue requirements are as summarized below:

a. ***Operation and Maintenance Expenses - Gas Costs.*** Aurora Gas' annual revenue requirement for gas costs is \$3,215,183.

b. ***Other Operating and Maintenance Expenses.*** Aurora Gas' annual revenue requirement for other operating and maintenance expenses is \$415,552.

c. ***Depreciation Expense.*** Aurora Gas' annual revenue requirement for depreciation expense is \$72,883.

d. ***Taxes other than Income.*** Aurora Gas' annual revenue requirement for taxes other than income is \$68,053.

e. ***Capital Improvement Program – Mapping.*** Aurora Gas' annual revenue requirement for its Capital Improvement Program is \$6,000.

f. ***Payment in Lieu of Property Taxes (PILT).*** Aurora Gas' annual revenue requirement for PILT is \$24,750.

g. ***Working Capital.*** Aurora Gas' annual revenue requirement for working capital is \$10,389.

h. *Cash Return on Plant.* Aurora Gas' annual revenue requirement for Cash Return on Plant is \$31,041.

3. *Aurora Gas' Aggregate Annual Revenue Requirement.* The Parties agree that Aurora Gas' annual net revenue requirement is \$3,830,152, as detailed below:

Operation and Maintenance Expenses – Gas Costs	\$3,215,183
Operation and Maintenance Expenses - Other	\$415,552
Depreciation Expense	\$72,883
Taxes other than Income	\$68,053
Capital Improvement Program - Mapping	\$6,000
PILT	\$24,750
Working Capital	\$10,389
Cash Return on Net Plant	<u>\$31,041</u>
<b>Revenue Requirement</b>	<b>\$3,843,851</b>
Less: Other Operating Receipts	<u>\$13,699</u>
<b>Net Revenue Requirement</b>	<b>\$3,830,152</b>
 Present Rate Revenues	 <u>\$3,662,277</u>
<b>Deficit</b>	<b>\$167,875</b>
 <b>Percent Increase Required</b>	 <b>4.58%</b>

4. *Amount of Stipulated Rate Increase and Approval of Changes to Rate Schedules.* The Parties agree that Aurora Gas' current rates and charges for service should be increased upon the Commission's adoption of a Final Order approving the terms and conditions of this Settlement Agreement so as to produce additional operating revenues of \$167,875, and total pro forma operating revenues, including cost of commodity, of \$3,830,152, representing a 4.58% increase in operating revenues, as shown in Joint Settlement Exhibit 2.

## **II. Cost of Service and Rate Design**

5. Aurora Gas proposes to increase Petitioner's existing rates across the board on all customer classes, which includes Petitioner's residential, small commercial and small public authority customers. Following the OUCC's review of these proposed across the board allocations, the OUCC agrees that Petitioner's proposed tariffs are reasonable and should be authorized.

### **III. Settlement Exhibit**

6. The Parties agree that Joint Settlement Exhibit 2, described in further detail by the testimony of Petitioner's witness Patrick Callahan and the OUCC's witness Mark H. Grosskopf, properly describes the various elements of the Parties' final settlement. Further, the Parties believe that such Exhibit should be used by the Commission to enter a final order in this Cause.

### **IV. Sufficiency of the Evidence**

7. The Parties believe Petitioner's direct testimony and exhibits, the OUCC's testimony in support of settlement agreement, along with this Stipulation and Settlement Agreement, constitute substantial evidence sufficient to support this Settlement and provide an adequate evidentiary basis upon which the Commission may make findings of fact and conclusions of law necessary to issue a final order adopting and approving this Settlement.

### **V. Settlement -- Scope and Approval**

8. Neither the making of this Settlement nor any of its provisions shall constitute in any respect an admission by any Party in this or any other litigation or proceeding. Neither the making of this Settlement, nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement, shall establish any

principles or legal precedent applicable to Commission proceedings other than those resolved herein.

9. This Settlement shall not constitute nor be cited as precedent by any person or deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before the Commission, or any tribunal of competent jurisdiction. This Settlement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Parties may take with respect to any or all of the issues resolved herein in any future regulatory or other proceedings.

10. The undersigned have represented and agreed that they are fully authorized to execute this Settlement on behalf of their designated clients, and their successors and assigns, who will be bound thereby, subject to the agreement of the Parties on the provisions contained herein and in the attached exhibits.

11. The communications and discussions during the negotiations and conferences attended only by any or all of the Parties, their attorneys, and their consultants have been conducted based on the explicit understanding that said communications and discussions are or relate to offers of settlement and therefore are privileged. All prior drafts of this Settlement and any settlement proposals and counterproposals also are or relate to offers of settlement and are privileged.

12. This Settlement is conditioned upon and subject to Commission acceptance and approval of its terms in their entirety, without any change or condition that is unacceptable to any Party. Each term of the Settlement is in consideration and support of each and every other term.

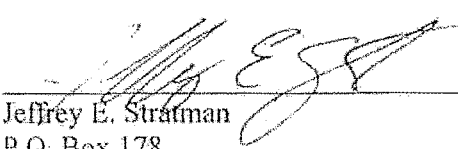
13. The Parties will work together to finalize and file an agreed upon proposed Order with the Commission as soon as possible.

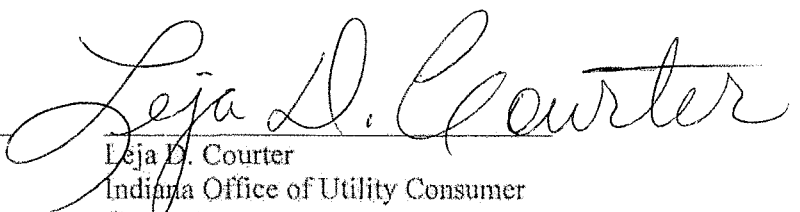
14. The Parties hereto will either support, or not oppose on rehearing, reconsideration, and/or appeal, a Commission order accepting and approving this Settlement in accordance with its terms.

Accepted and Agreed on this 4<sup>th</sup> day of December, 2008.

CITY OF AURORA, INDIANA  
d/b/a AURORA MUNICIPAL GAS UTILITY

INDIANA OFFICE OF UTILITY  
CONSUMER COUNSELOR

  
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